a few months I will be able to come up with better and more authentic information.

SHRI AJIT P. K. JOGI: Sir, there are the inventory committee reports also.... *(Interruptions)*

SHRI P. A. SANGMA: I will certainly look into that, Sir.

MR. CHAIRMAN: Question No. 23

Production loss of ONGC

*23. SHRIMATI VEENA VERMA:†
SHRI P. UPENDRA:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that the Oil and Natural Gas Commission rated as the seventh largest profit making company in the world till recently has begun to slide, if so, what are the details in this regard;

(b) what is the decline in the profit due to production shortfall and rising operational costs.

(c) what was the target of production of ONGC fixed by the working Group of the Planning Commission for the year 1991-92; and

(d) what is the number of idle wells causing a daily production loss?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI B. SHANKARANAND): (a) and (b) The profit after tax of ONGC in 1990-91 was Rs. 1048 crores against Rs. 1624 crores in 1989-90. The reduction in profit was mainly on account of higher exchange loss, cost of dry wells written off, deprocaution/depletion and operational expenditure.

(c) The production target of ONGC for 1991-92 indicated by the Planning Commission is 32.912 million tonnes.

(d) The number of idle wells as on 1.3.1991 was 470. There are in addition about 673 wells which were not contributing to production due to various reasons.

SHRIMATI VEENA VERMA: Sir, the honourable Minister has, in part (c) of his reply, said that the production target indicated by the Planning Commission for the year 1991-92 is 32.912 million tonnes. Now, I would like to know what the target is to which the ONGC has agreed. I would also like to know whether the ONGC has downgraded it and, if so, what the downgraded target acceptable to the ONGC is and what the reasons are *that have been given by the ONGC* for this and what the Government's reaction to it is.

Now, I come to part (b) of my supplementary. I would like to know whether any memoraudum of understanding has been signed between the ONGC and the Union Government and, if so, for what production target and, if not, what the reasons are for the delay.

SHRI B. SHANKARANAND: Sir, the honourable Member has asked for many statistics. I will give her the details, the statistics, separately . . . *(Inerruptions)* . . .

SHRI VIREN J. SHAH: Sir, this is related to the question. Without these figues, how can she put her second supplementary? ... *(Interruptions)* . . . This is the target given by the Planning Commission on the one hand and there is the target of the ONGC on the other. Unless she gets the reply from the Minister, how can she put further questions? ... *(Interruptions)* . . .

SHRI DIPEN GHOSH: Sir, she has asked wherther the ONGS has downgraded the target. Unless she gets the answer she cannot ask further questions... *(Interruptions)* . . .

SHRI VIREN J. SHAH: Sir, what is the target of the ONGC? He must give the information and then only we will be able to ask further questions) . . . *(Interruptions)*

†The Question was actually asked on the floor of the House by Smt. Veena Verma.

SHRIMATI VEENA VERMA: Sir, I will have to get the answer first . . . (*Interruptions*)...Sir, I speak your protection... (*Interruptions*)...

SHRI B. SHANKARANAND: Sir, the honourabe Member knows that there has been a Committee called the Das Gupta Committee and the Report is called the Das Gupta Committee Report... (*Interruptions*)...

MR. CHAIRMAN: Will you kindly speak into the mike? Kindly shift yourself slightly towards the mike. That will be better.

SHRI B. SHANKARANAND: A committee was appointed to go into this aspect. And the committee was known as Das Gupta Committee. They have given the details about the recommendations. It is well known to the honourable Members that the production target by the ONGC is not the same. It has slipped down to some extent. No definite figure has yet been arrived at.

SHRI VIREN J. SHAH: For 1991-92 is there no target by the ONGC? Half the year is over.

SHRI B. SHANKARANAND: The MOU has not yet been signed.

SHRI VIREN J. SHAH: What are the reasons for the delay?

SHRIMATI VEENA VERMA: My second supplementary relates to part (b) of the reply. I want to know the reasons for 470 wells remaining idle on 1st March 1991. And, also what are the reasons for additionally about 673 wells not contributing to production? Will the Minister please explain the circumstances leading to the situation? What is the loss in production because of this, and what is the consequent loss in profit?

SHRI B. SHANKARANAND: Sir, in addition to 470 idle wells, there are 673 "non-contributing wells" which may be classified as such:

(i) Wells closed for reservoir control 53; (ii) Wells closed because of lack of demand of free gas 41; (iii) wells with low potential 226; (iv) wells meant for Water Injection 44; (v) wells meant for transfer to gas zone 16; (vi) wells with doubtful potential 96; (vii) Wells with inclusive status 157; (viii) wells completed in basement and not producing 3; (ix) wells awaiting following connections 14; (x) flow wells under testing 3; (xi) wells waiting pressure maintenance 42; (xii) wells deck installations 7; (xiii) wells flooding|high water cut 4; (xiv) wells having high GOR 4; (xv) wells with high H2S content 4; (xvi) wells not having production facilities 14. Total 728.

Sir, initially, ONGC had reported only 673 'non-contributing wells'. On the afternoon of 12.7.1991, Member (Ops.), ONGC, has reported 55 more such wells, of which 54 are "wells with inconcusive status in WRBC". The increase to the 728th well has been achieved by adding 10 wells in the inconclusive category and reducing 9 wells from other categories in the Southern Region.

Sir, as I said earlier, there has been a recommendation by the Das Gupta Committee that certain wells are to be shut down. It came to the conclusion that oil wells with GOR above 700 volume by volume (v|v) should be immediately shut down in order to reduce the cost of operation.

SHRI P. UPENDRA: Sir, I am sorry the hon. Minister has not understood the severity of the problem. Part (a) of the answer states the reasons for the shortfall in profits.

Sir, the profits have gone down is spite of ONGC not paying the corporate tax of about Rs. 400 crores and an interest of Rs. 100 crores. Leave alone the money aspect of it, the production itself has gone down from 32 million tonnes in 1989-90 to 28 million tonnes in 1990-91. He has not mentioned that. It is not mere conversion of rupee. There is something seriously wrong with the

ONGC. And even for 1991-92, he has no figures. The Working Group has fixed the target at 34.1 million tonnes and the ONGC itself has brought it down to 27 million tonnes. That is less than 1990-91 figure. This year the target is less than that of 1990-91. This is a very serious problem. The ONGC, which is one of our best organisations, is going down every year.

Sir, another thing is that he has mentioned about idle wells. In part (c) of the answer he says that 670 wells are idle and 470 wells are not contributing to production. What does it mean? Are they not idle? If they are not contributing to the production, definitely they are idle. That is, more than 1100 wells are idle. And 9 Task Force has been appointed to go into it and analyse the working of each idle well. And they are supposed to give a report within one month. Have they given it?

SHRI KAMAL MORARKA: Those wells are like some of the Ministers. They are not idle, but they are not contributing.

SHRI P. UPENDRA: Whatever it is, has the Task Force given its report? What further steps are you taking to bring this organisation out of morass?

SHRI B. SHANKARANAND: Sir, as can be seen, the tone of the question is that ONGC has been such a profit-earning organisation that its profit has come down on account of operational costs and shortfall in production. The hon. Member wanted to know what the reasons are. Sir, we have said that these are idle wells. And out of which, so many wells have been recommended by the Das Gupta Committee Report to be shut down. Now, if you can see, Sir, this is mainly with reference to the reduction in profits. The hon. Member wanted to say that ONGC was rated as No. 7 out of 500 companies of the world which are profit-making bodies. But this has now slided down.

MR. CHAIRMAN: What is the position now?

SHRI B. SHANKARANAND: The main question is about the profits of the ONGC. That is what he has said.

AN HON. MEMBER: Both production and profit.

SHRI B. SHANKARANAND: Because the production has come down, a Committee was appointed to go into these aspects. And what the Committee has recommended is, if I may say, Sir...

MR. CHAIRMAN: Is it a very long one? You give a summary as to what can be done to improve.

SHRI B. SHANKARANAND: I will give, Sir.

MR. CHAIRMAN: If it is a long one, then lay it on the Table of the House.

SHRI B. SHANKARANAND: No, no. I do not want to lay it on the Table of the House. I will give.

MR. CHAIRMAN: How long will it take?

SHRI B. SHANKARANAND: One minute.

MR. CHAIRMAN: One minute is all right.

SHRI B. SHANKARANAND: Sir, the Das Gupta Committee Report came to the conclusion that "(1) the levels of withdrawal of crude oil from the reservoirs had deviated from those recommended by the development schemes; (2) The deviations in production were not justified from the point of view of maintenance of reservoir health; (3) that exploration continued at certain levels in spite of delays in setting up of commensurate facilities such as implementation of pressure maintenance schemes and work-over operations; (4) The above factors have contributed to the incidence of high gas-oil ratio and high

water content." These are the reasons why the profitability of the organisation has come down over the previous year.

SHRI DIPEN GHOSH: Sir, I appreciate the discomfiture of the Minister because he is shifted from Irrigation *via* Bofors enquiry to Petroleum. And it happens so. Anyway, Sir, I want to know from the hon. Minister whether the Government has been contemplating to offload the shares of the ONGC to private persons or private companies and also whether the Government has been contemplating to invite foreign investors in the field of exploration of petroleum and natural gas. And if so, I want to know whether the Minister considers it as going back on the commitment of the Congress-I party to the nation.

SHRI B. SHANKARANAND: To the last part of his question I may say, Sir, there is absolutely no question of going back of the Congress party on the commitment it has made under the leadership of Mr. Rajiv Gandhi. We are not going back. All efforts will be made in the direction of achieving the objectives as indicated in our party manifesto.

SHRI DIPEN GHOSH: Are you off-loading the shares of ONGC to private companies or inviting ... (*Interruptions*).

SHRI B. SHANKARANAND: Regarding his other suggestion, I think, he has given a veiled suggestion that it should be open to the private companies, it should be open to the foreign companies. These are various suggestions for action.

SHRI DIPEN GHOSH: Sir, I seek your protection. I have asked categorically whether the Government has been contemplating to load the shares of ONGC to private companies. I also want to know whether the Government is contemplating to invite foreign investors in the field of oil and gas exploration. I want straight answer.

MR. CHAIRMAN: They have not taken any decision.

SHRI B. SHANKARANAND: Sir, it is a fact that we have to expand and step up our activities for production of oil and we have already gone in for fourth round of bids by international and national companies for exploration.

SHRI P. SHIV SHANKER: Mr. Chairman Sir, my question pertains to part (a). In my submission to say that ONGC is the 7th largest profit-earning company is a misnomer. Is it not a fact that the figures of profit given by the hon. Minister are based on the administered prices? If it were to be in real terms the profit would be much less. Would the hon. Minister take the House into confidence in giving the profit figures in real terms?

SHRI B. SHANKARANAND: Sir, when we talk about profits and the reduction of profits on account of increase in operational costs, increase in the expenditure, I should say that the real revenue includes increase of Rs. 69 crores on account of reversion of provision of sales tax made in the previous years. These are not profits. I admit that.

SHRI P. SHIV SHANKER: I only asked whether he will take the House into confidence and say in real terms as to what the profits are.

SHRI B. SHANKARANAND: These could not be termed profits. I myself admit that Rs. 69 crores on account of reversion of provisions of sales tax made in the previous years and non-provision of excise duty on natural gas to the tune of Rs. 20 crores and increase in the closing stock of Rs. 8 crores. They cannot be termed as profit. The only thing I can say, is that the actual increase in profit is Rs. 90 crores.

SHRI VIREN J. SHAH: Sir, through you I want to say that the basic thing today on the question of oil exploration is: (a) We are importing oil which means a large amount

of foreign exchange is going out. (b) ONGC itself is a big foreign exchange spender. In that context, may I know from the hon. Minister whether it is a fact that India is at the bottom of oil producing countries? Even Cameroon, Angola, Brazil and Malaysia are much higher. And my source is Petroleum Encyclopaedia. I draw his attention and I drew the attention of his predecessors also several months back in that context. We are flaring gas for the last 20 years in Bombay High, and twenty years back right here, his predecessor, Mr. Bahuguna, replied that they will stop it soon. And that 'soon' has not come. I have got the data with me and will give it later on. There are two things. One is the foreign exchange saving, indigenisation of several things imported by the ONGC. They do not show tremendous interest in indigenisation. That interest is very important. Will the Minister take care of that? And the second thing is, there is a report in the Financial Express of 30th June 1991 that non-implementation of a gas-lift scheme has resulted into loss of oil worth 7.5 million dollars, 49.38 million tonnes of oil which is twice the annual production of last year. And this has been brought out on 30th June 1991 by the Financial Express. Has the Minister's attention been drawn towards it? The scheme was to be completed in November, 1990, and this is July 1991 now. The country is losing tremendous amount of money. Will the Minister kindly understand the difference between the idle capacity and non-production? We have not understood it so far. I am sure he will be able to get through the maze. These are very important things on which you can contribute and relieve the Prime Minister's headache, the Finance Minister's headache, the country's headache of saving foreign exchange and producing more oil.

SHRI B. SHANKARANAND: While admitting that the hon. Member has made very good suggestions for the Government to look into, I can say about flaring of gas. Currently, gas is flared to the level of about 14 million cubic metres per day and the value would be about Rs. 720 crores per year. May I say about the reasons for flaring? It is lack of adequate compression, processing and transportation facilities for gas particularly in the western off-shore...

SHRI VIREN J. SHAH: It is for the last 20 years. You may say what is going to be done.

MR. CHAIRMAN: They are trying to do something.

SHRI B. SHANKARANAND: Hon. Member, I should say, made some suggestions for action by the Government. These are certain things for the Government to look into.

MR. CHAIRMAN: He is going to look into it.

SHRI B. SHANKARANAND: I was giving reasons for flaring. Second is lack of users for gas particularly in the North-Eastern region. Third is lack of facilities to use associated gas in preference to non-associated gas..

SHRI VIREN J. SHAH: Maharashtra Government has asked for second power station based on gas which is being flared. How is it due to lack of users? From Petroleum Encyclopaedia I gave you the data. Have you access to that?

MR. CHAIRMAN: Next question.

Visit India Year

*24. SHRI P. UPENDRA: Will the Minister of CIVIL AVIATION AND TOURISM be pleased to state:

(a) whether there has been a shortfall in the number of tourists arriving in the country this year; and

(b) if so, what are the reasons that the "Visit India Year" is not taking off as expected?